VZCZCXRO5256 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #0576/01 0650102 ZNR UUUUU ZZH P 050102Z MAR 08 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 2240 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/USFJ //J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/CTF 72 RUEHNH/AMCONSUL NAHA 8861 RUEHFK/AMCONSUL FUKUOKA 6467 RUEHOK/AMCONSUL OSAKA KOBE 0135 RUEHNAG/AMCONSUL NAGOYA 5005 RUEHKSO/AMCONSUL SAPPORO 7072 RUEHBJ/AMEMBASSY BEIJING 2029 RUEHUL/AMEMBASSY SEOUL 8087 RUCNDT/USMISSION USUN NEW YORK 8670 UNCLAS SECTION 01 OF 09 TOKYO 000576

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DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA; WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE; SECDEF FOR JCS-J-5/JAPAN, DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

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1) TOP HEADLINES

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Management of public pension premiums for FY2007 likely to see minus yields for first time in five years

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Constitution study group gets executives from LDP, DPJ

2) EDITORIALS

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- (1) Hurriedly work out anti-spam measures, focusing also on e-mails from overseas
- (2) Prosecutors should admit false charges in case of shooting Osaka District Court head

Mainichi:

- (1) Resume Diet deliberations
- (2) Attack on whaler: Violence is against protection of nature

Yomiuri:

- (1) New constitution study group launched
- (2) Attack on whaler tantamount to piracy

Nikkei:

- (1) FTC to impose surcharges on improper labeling
- (2) Trust in accountants undermined again

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- (1) Political strife just leads to accelerate economic deterioration
- (2) Vicious sabotage on whaling must be prosecuted

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- (1) Guilty judgment for ex-Health Ministry official over outbreak of HIV: Take it as blame for irresponsible administration
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- (1) Okinawa rally: Express resolve not to forgive crimes by U.S. soldiers
- 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 4

NIKKEI (Page 2) (Full)

March 5, 2008

08:31

Attended a cabinet meeting in Diet. After that, met with Chief Cabinet Secretary Machimura and Land Minister Fuyushiba. Machimura remained.

09:59

Met with MOFA's International Cooperation Bureau Director-General Bessho at Kantei.

10:54

Met with Machimura.

12:14

Attended the Tokyo forum of the Institute of Developing Economies held at ANA Intercontinental Hotel Tokyo.

12:36

Met with LDP Administrative Reform Headquarters Head Chuma and

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National Strategy Headquarters Head Sugiura at Kantei.

14:09

Met with State Minister in Charge of Administrative Reform Watanabe. After him, met with Prime Ministerial Advisor Ito. Afterwards, met with Cabinet Intelligence Director Mitani.

15:26

Met with Deputy Chief Cabinet Secretary Futahashi. Afterwards, met with Vice Education Minister Zeniya and MEXT Research and Development Bureau Director-General Fujita. After them, met with MOFA Foreign Policy Bureau Director-General Kawai.

16:36

Met with Portuguese National Assembly Speaker Gama and others.

17:10

Met with Fuyushiba. Afterwards, attended a meeting for Gender Equality.

18:57

Arrived at Kantei residence.

4) New USFJ chief vows to prevent recurrence

ASAHI (Page 4) (Full) March 5, 2008

U.S. Forces Japan Commander Lt. Gen. Edward Rice, who arrived at his post on Feb. 25, paid a courtesy call on Defense Minister Ishiba yesterday at the Defense Ministry, during which Rice referred to the recent arrest of an Okinawa-based U.S. Marine over his alleged rape of a local junior high school girl. In this case, the Marine has now been released as prosecutors have decided not to indict him. The U.S. military is investigating the incident. In this regard, Rice told Ishiba that USFJ would carry out educational and training programs for all U.S. military bases in Japan to prevent such an incident from recurring.

"This is a serious problem that could undermine the alliance. We will cooperate." With this, Ishiba indicated that the Japanese government will work together with the U.S. government to prevent a recurrence.

5) Ruling bloc frustrated with effectively out-of-session Diet; Sympathy budget also in limbo

SANKEI (Page 5) (Abridged slightly) March 5, 2008

In the wake of the House of Representatives' approval of the fiscal 2008 budget bill, the Diet was effectively out of session yesterday. Bank of Japan Governor Toshihiko Fukui's term of office will expire on March 19. Further, such crucial issues as road construction

revenues special measures legislation stipulating the use of the provisional gasoline tax rate and a new Japan-U.S. Special Measures Agreement to extend Japan's host-nation support (commonly called the sympathy budget) for U.S. forces in Japan for three years are left in limbo. Although the ruling coalition of the Liberal Democratic Party and New Komeito is increasingly frustrated, there is no prospect that the Diet will return to normal anytime soon.

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House of Councillors Budget Committee Chairman Yoshitada Konoike of the LDP decided yesterday morning in his capacity to open a question-and-answer session. But the session was later called off because it was boycotted by four opposition parties: the Democratic Party of Japan (DPJ), Japanese Communist Party, Social Democratic Party and People's New Party. All cabinet ministers from Prime Minister Yasuo Fukuda on down waited for the session to start for about one hour at the Upper House No. 1 committee room.

DPJ Diet Affairs Committee Chairman Susumu Yanase reacted strongly to Committee Chairman Konoike's decision to open a session, saying, "It is an outrageous act, using the Diet for political grandstanding." Yanase also indicated that his party would boycott all deliberations.

Meanwhile, Lower House Land, Infrastructure, and Transport Committee directors met last evening, in which Chairman Naokazu Takemoto proposed the committee's approval on March 5 of the road construction revenues special measures legislation. Opposition parties rejected his proposal. The legislation is inseparable from the revenue-related bills that cleared the Lower House in late February. The LDP and New Komeito want to get this legislation approved by the Lower House within this week. Lower House Speaker Yohei Kono, though, is reportedly unwilling to do so, saying, "I will not allow the ruling camp to unilaterally adopt a bill in a plenary session for two weeks in a row."

The ruling bloc also intended to have the government explain the envisaged new Japan-U.S. special measures agreement on the sympathy budget and take questions at a Lower House plenary session on March 16. But that, too, remains up in the air. In the event the Upper House does not take a vote on a new special measures agreement within 30 days, it is automatically enacted, like budget bills, because the Lower House vote takes precedence. A failure to obtain Diet approval for the agreement within the current fiscal year might hinder the implementation of the budget and that could rock the foundation of the Japan-U.S. alliance.

6) MSDF has organizational problems, says chief of staff in wake of Aegis accident

NIKKEI (Page 2) (Full) March 5, 2008

Maritime Self-Defense Force Chief of Staff Eiji Yoshikawa in a press conference yesterday announced a plan to review the organization, including personnel composition and education, in the wake of a flurry of accidents and incidents, including the recent collision between an MSDF Aegis destroyer and a fishing boat. Yoshikawa said, "The organization has some (problems) that caused accidents over the last several years." He also revealed a plan to hold an MSDF senior officers' meeting on March 8 to discuss efforts to determine the causes of accidents and reform the organization.

Another MSDF destroyer also had minor collisions with freighters in Vietnam on March 3 and 4. Yoshikawa said: "We would like to find out whether there are any sections lagging behind other segments and moral hazards among personnel." Yoshikawa also revealed in the press conference that the defense minister and the MSDF chief of staff had questioned the Aegis destroyer (Atago's) chief navigator without realizing that he had been a duty officer until minutes before the collision.

7) Defense Ministry mulls hotline to prime minister's office

SANKEI (Page 1) (Abridged) March 5, 2008

In the wake of the recent collision of a Maritime Self-Defense Force Aegis destroyer with a fishing boat that has left its two fishermen missing, the Defense Ministry yesterday revealed a plan to revamp its communication system. The accident this time was belatedly reported to Prime Minister Yasuo Fukuda and Defense Minister Shigeru Ishiba. This sort of accident will be categorized as a "crisis," and the staff offices of the Ground, Maritime, and Air Self-Defense Forces will be required to report such an eventuality directly to the Cabinet Information Center. The SDF is currently required to report its own incidents and accidents to the center. From now on, the SDF will also report to the center all kinds of contingencies, such as armed suspicious vessels' intrusion and terrorism using nuclear, biological, and chemical (NBC) weaponry. The Defense Ministry plans to utilize the SDF's intelligence-gathering capability to the fullest.

Ishiba has ordered the Defense Ministry to study how to improve its reporting system. The Defense Ministry is expected to issue a notification this week in the name of its administrative vice minister and implement it immediately.

In the accident this time, the MSDF Maritime Staff Office and the Defense Agency's internal bureau in charge thought that they had already reported it to the defense minister. The initial information on the accident therefore took about one and a half hours to reach Ishiba after its occurrence and about two hours to Fukuda. The Defense Ministry was called into question over its insufficient crisis management. The Defense Ministry, in its in-house notification, will require the SDF's staff offices and organizations to report serious incidents and accidents to the center as soon as they recognized their occurrence. The SDF is currently required to report such eventualities "within one hour" through the Defense Ministry's internal bureau but will now be required to do so "immediately."

8) Parliamentary league eyed against cluster bombs

MAINICHI (Page 2) (Abridged) March 5, 2008

A supraparty group of 22 lawmakers from both houses of the Diet met yesterday in the Diet and decided to launch a parliamentary league this month with the aim of restricting cluster bombs. More than 50 lawmakers are expected to participate in the new parliamentary league. There are moves in the international community for creating an international convention by the end of this year to ban cluster bombs. The league is aimed at backing the government for its proactive role.

Kuniko Inoguchi, a House of Representatives member, took the initiative to launch the league. The league will be made up of lawmakers who have worked for disarmament and landmine prohibition. It will look into the facts about cluster bomb victims and will also study how to restrict cluster munitions. The league is expected to launch with more than 50 lawmakers.

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9) Japan informally asks China to delay presidential visit to early May

MAINICHI (Page 1) (Full) March 5, 2008

The Japanese government has unofficially asked the Chinese government to delay the visit to Japan by Chinese President Hu Jintao planned for April to early May, according to informed sources yesterday. Both countries' investigative and public security authorities have been at odds over the poisoning outbreak caused by tainted Chinese frozen dumplings. This situation is seen as the

major cause for Japan's proposal. China, however, would like to bring about the presidential visit sometime during the cherry-blossom season in mid-April. Coordination is still underway between the two governments.

Upon explaining that Prime Minister Yasuo Fukuda is looking to visit Europe and Russia during the Golden Week holidays, Ambassador to China Yuji Miyamoto yesterday unofficially asked his counterpart to delay the presidential visit to sometime after the Golden Week holidays, diplomatic sources said. China reportedly did not give an immediate answer.

Chinese State Councilor Tang Jiaxuan sounded out the Japanese government on a visit to Japan by President Hu for about four days from April 20 when he visited Japan on Feb. 20. But the Chinese dumpling scare has developed into confrontation between Japan and China over the outcome of scientific tests of the pesticide in question. For arrangements for Hu's visit to Japan, Foreign Minister Yang Jiechi is scheduled to Japan in late March, but a final decision on the visit has yet to be made.

The Japanese government is likely to invite President Hu to attend an expanded meeting of the Lake Toya Summit in Hokkaido in July. Keeping this in mind, one Chinese government official said: "The two schedules are too close," indicating disapproval of Japan's proposal. Some government officials are worried that the Chinese presidential visit in the spring itself might be postponed.

10) Tokyo files protest with Beijing over seizure of Japanese books related to Senkaku Islands

MAINICHI (Page 3) (Full) March 5, 2008

Ken Uzuka

The government revealed in a written reply adopted at a cabinet meeting yesterday that Japan lodged a protest with the Chinese Foreign Ministry and Shanghai against the seizure by Shanghai Customs of books the Shanghai Japanese School had imported from Japan. The books describe the Senkaku Islands as Japanese territory. This written reply was created to answer a question posed by House of Representatives member Muneo Suzuki. The written reply says that of the 892 books the school imported from Japan, eight have yet to be cleared for entry into China. The government asked the Chinese side about the reason for the seizure of the books and the applicable rules and regulations. No official explanation has been given by China so far through diplomatic channels.

11) Japan to insist on need for measures to prevent obstruction at

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upcoming IWC meeting

MAINICHI (Page 3) (Full) March 5, 2008

Ichiro Ikawa, Ken Uzuka

The antiwhaling group Sea Shepherd obstructed Japan's research whaling in the Southern Ocean and injured Japanese crew members. To deal with this incident, the government filed a protest with the Netherlands, which was the flag state of the group's ship, and Australia, where the ship's home port is located, and urged them to take measures to prevent a recurrence. Japan has now decided to bring up the issue of obstructing research whaling at the upcoming conference of the International Whaling Committee (IWC) in London starting on March 6 and emphasize the need to take preventive measures.

Heeding international opinion, Japan has so far refrained from taking severe action in response to the obstruction of research whaling. But the ruling Liberal Democratic Party's General Council Chairman Toshihiro Nikai pointed out, "Their obstructive behavior was too much to tolerate. Japan should have taken a more resolute attitude." Considering domestic responses like this, the government

has decided to bring up the matter at the upcoming IWC meeting. Foreign Minister Masahiko Koumura said at a press conference yesterday: "It's outrageous to use violence as a means of persuasion. Their activities are too much to tolerate." At a whaling seminar on March 3, Senior Vice Foreign Minister Itsunori Onodera said that such behavior was regrettable. The Foreign Ministry's Economic Affairs Bureau Director-General Yoichi Otabe lodged protests with both the Dutch ambassador to Japan and the Australian ambassador to Japan. A senior Foreign Ministry official said that at the upcoming IWC midterm session, Japan plans to "shed light on the truth of the heinous acts of obstruction."

12) LDP mulling imposing ban on simple possession of child porno

ASAHI (Page 14) (Full) Eve., March 4, 2008

Birei Tsukue

In an effort to prevent the proliferation of child pornography via the Internet, the ruling Liberal Democratic Party (LDP) has begun discussion to amend the Law for Punishing Acts Related to Child Prostitution and Child Pornography in order to impose stricter punishment. The current law prohibits only the sale or offer of child pornography to third parties, but the LDP is considering banning in principle even a simple possession of child porno regardless of purposes. Police authorities have been strengthening controls over child pornography, but child pornography collected by individuals through websites is available here and there via the Internet. Given this, the LDP has concluded that banning even a simple possession of child pornography will lead to cutting off one source of child pornography.

A number of images and animation of child porno copied via the Internet are available on the Internet. Those images and animation are often posted on websites through overseas servers. That is why it is difficult to detect their owners who posted them on websites.

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This past February, the LDP established a subcommittee headed by former Justice Minister Mayumi Moriyama in its Judicial Affairs Division. The panel intends to form and submit a bipartisan bill to the current session of the Diet.

The National Police Agency said that of cases violating the law during the past year, 567 cases (provisional value) were prosecuted in terms of child pornography, the figure being tripled from five years ago.

Because of this situation, there is a deep-rooted criticism at home and abroad that Japan is a "child pornography power." Most of the Group of Eight (G-8) countries have already banned a simple possession of child pornography.

When it comes to imposing a ban on a simple possession of child porno, at the time of amending the law in 2004, the ruling bloc discussed inserting a provision prohibiting such a possession. But some pointed out the possibility that individuals who happened to download child pornography or who received child pornography sent unilaterally to them would be also prosecuted. Some others criticized that the right to investigate might be abused and that the freedom of expression might be violated. As a result, such a provision was dropped.

13) DPJ's Ozawa: I envision Lower House dissolution will occur during current Diet session

NIKKEI (Page 2) (Full) March 5, 2008

At a press conference in Hamamatsu City, Democratic Party of Japan President Ichiro Ozawa stated: "Assuming the House of Representatives might be dissolved during the current Diet session, I have worked on choosing candidates" for the next Lower House election. Referring to the collision of a Maritime Self-Defense

Force Aegis destroyer and fishing boat, he stressed the need for an early change in government, saying: "Under the long-term government, the bureaucratic organization has become completely corrupted." He also pointed out: "Following the Abe government, the Fukuda administration has yet to receive the judgment of the people." In regard to campaign issues for the next Lower House election, he said: "It involves the daily lives of the people. We have learned that the policy of relying on a market-oriented economy is a mistake due to the expansion of economic disparities in society."

14) DPJ again taking confrontational stance toward ruling parties, now having good materials to attack them with

ASAHI (Page 4) (Full) March 5, 2008

Previously, the main opposition Democratic Party of Japan (DPJ or Minshuto), headed by Ichiro Ozawa, was forced to review its strategy of forcing Prime Minister Yasuo Fukuda to dissolve the House of Representative in April and shifted its strategy toward bringing about a Lower House dissolution in the fall or later. That strategy has changed again, however, and the DPJ is now toughening its confrontational stance toward the ruling parties. The reason for the largest opposition party's on again and off again policy shift is that many DPJ members have called on the party to assume the original policy due to such issues as the road-related tax revenue,

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the appointment of a new Bank of Japan governor, the collision between the Aegis destroyer Atago and a small fishing boat, and the ruling camp's unilateral vote on the fiscal 2008 budget and budget-related bills in the Lower House. However, that does not necessarily mean that the DPJ has yet developed a full picture of its strategy, since there are members calling for "a March battle."

Ozawa referred to the possibility of an early dissolution of the Lower House at a press conference yesterday in Hamamatsu City, in which he announced the name of a person, the DPJ-endorsed 246th candidate, for the next Lower House election. The aim of his reference to a Lower House dissolution was to erase the party's mood of targeting (the next Lower House election) in the fall or later.

Ozawa, Deputy President Naoto Kan, Secretary General Yukio Hatoyama and Azuma Koshiishi, chairman of the DPJ caucus in the House of Councillors, held a meeting on Feb. 26. Ozawa there said:

"If the ruling camp rams the bills through the Lower House, both the government's nomination of a new BOJ governor and the mediation effort by the leaders of the two Diet houses will come to nothing."

After that, Ozawa held consultations with senior party members, including Diet Affairs Committee Chairman Kenji Yamaoka, almost every day. He then told them: "I want you to tell all party members that we are now working toward the goal of Lower House dissolution." On the night of Feb. 29 when the ruling coalition unilaterally passed the budget bill in the Lower House, Ozawa cancelled his schedule and attended a meeting of the party's Lower House members.

Ozawa took the initiative in the previous extraordinary Diet session. But he has often entrusted Diet affairs to Hatoyama and Yamaoka, as when he skipped a second vote on the bill to resume Japan's refueling mission in the Indian Ocean in the Lower House plenary session. He did not assume leadership in dealing with the stop-gap bills. When asked about the agreement between the ruling and opposition camps, he even said: "I am not involved in the matter."

Siding with Ozawa and his now changed stance, Hatoyama said in a meeting on March 3 of the secretaries general of the opposition parties: "Let's agree that the mediation effort by the Lower House speaker and Upper House president has been ignored." One mid-level DPJ lawmaker, who has distanced himself from Ozawa, even commented: "Since we have many tools to fight with, Mr. Ozawa should fight. Even if we are defeated, everyone would still be convinced (it was the best course)."